NRI Resources for Development

@*410. SHRI RAJUBHAI PARMAR:
SMT. VEENA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) Whether Government have made an assessment of the enormous reserve of resources available with NRIs; and

(b) Whether any steps have been taken to explore the possibilities of securing NRI resources for development projects in India; if so, the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) Recognizing the resource potential at the disposal of Nou-Resident Indians, Government have extended to the Non-Resident Indians and Overseas Corporate Bodies a range of facilities for direct investments in industrial projects. They are now permitted to invest upto 100 per cent foreign equity in industries subject to certain conditions.

Industrial Undertaking Financed by IFCI

*411. DR. MURLI MANOHAR JOSHI:
SHRI RAM RATAN RAM:

Will the Minister of FINANCE be pleased to state:

(a) what are the names of Industrial Undartakings financed by the Industrial Finance Corporation of India which have been running into losses during the last five years;

(b) what is the amount of total loss to the IFCI because of the above units running into losses;

(c) whether the Directors of IFCI on the Boards of the above Companies have brought the losses to the notice of the IFCI; and

(d) what steps IFCI have taken to recover the loans from the above companies and in initiating codrective action for the revival of the above Units?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) The names of the industrial undertakings financed by the Industrial Finance Corporation of India (IFCI) which have been running into losses during the last five years cannot be disclosed in view of the Public Financial Institution (obligations as to Fidelity and Secrecy) Act, 1983.

(b) It is not possible to quantify the losses suffered by IFCI on account of these companies as the units incurring losses in one year need not necessarily be incurring losses in subsequent years and may start making profits. Similary companies might incur losses in the initial years of production and may stabilise and make profits in subsequent years. Further, since many of the loss making units are meeting the institutional obligations, they do not necessarily cause losses to IFCI.

(c) IFCI have appointed nominee directors on most of the companies who also report about losses incurred by these companies.

(d) Recovery of dues is a continuous process and the outstanding loan amounts are recovered by IFCI in accordance with the repayment schedules incorporated in the relevant documents. Whenever industrial concerns commit defaults in payment of dues to IFCI, necessary follow-up action is taken by discussing the problems with the promoters and chief executives of such concerns. The affairs of such concerns are also specially monitored through progress reports and site inspections. Depending upon the nature of problems faced by the units, suitable rehabilitation packages are extended in consultation with other participating institutions, banks and the promoters. Mergers with, or takeovers by, financially strong units are also worked out wherever possible. In case of failure

@Previously Starred Question 349, transferred from 17th December, 1992.

of all other attempts for the rehabilitation of the units, recourse is also taken to legal action by enforcing the security for the collection of dues.

World Bank suggestions on bank advances to primary sector

*412. SHRI KAMAL MORARKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have given assurance to the World Bank in the course of recent discussions to the effect that the interest rates on priority sector advances would be raised;

(b) if so, what are the details thereof;

(c) whether it is also a fact that the World Bank had also suggested that the quantum of bank loans under the priority sector programme should be cut;

(d) if so, what is Government's reaction thereto; and

(e) what are the details of other suggestions made by the World Bank alongwith Government's reaction thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH): (a) No, Sir.

(b) Does not arise.

(c) A World Bank report dated 20th June, 1990 on the Financial Sector of India had analysed the performance of the Indian banking system. The recommendations of the report include inter-alia reduction in priority sector directed lending.

(d) The Government is engaged in wideranging financial sector reform based on the recommendations of the Narasimham Committee. The government has not reacted to the World Banks report

(e) These relate to measures for improving the efficiency and health of the banking system which include greater availability of credit for the commercial sector, reform of the capital market, recapitalisation of banks and financial institutions and progressive adoption of norms on capital adequacy requirements. All these issues have been under considerations in the Government in any case and are being examined in the light of the recommendations of the Narasimham Committee Report.

Financial growth due to liberalisation

*413. SHRI VITHALRAO MADHAVRAO JADHAV:
SHRI RADHAKISHAN MALAVIYA:

Will the Minister of FINANCE be pleased to state:

(a) what is the net gain in financial growth of the country due to the policy of liberalisation adopted by Government during the last one year;

(b) what is the number of multinationals that came to India with rare items;

(c) what would be the earnings of foreign exchange due to such activities of multinationals; and

(d) what is the extent to which the country has benefited from such a policy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The objective of the policies of stabilization and structural reforms introduced by the Government since July 1991 was, in the first instance, to deal with the serious crisis facing the economy at that time, reflected in the high rate of inflation and the near default on foreign payments and in the second instance, to create conditions under which such crises would not arise and rapid sustainable growth of employment and production could be generated. Financial reforms constitute an important element of structural reforms. However, at this early stage it is not possible to assess their impact.

(b) It is not possible to collect information on what rare items have been imported or produced by the multinationals. However, the total number of approvals for foreign collaboration given